

NATIONAL DAIRY MARKET AT A GLANCE

CHICAGO MERCANTILE EXCHANGE (CME) CASH MARKETS (5/14):
BUTTER: Grade AA closed at \$2.0200. The weekly average for Grade AA is \$2.0875 (-0.0642).

CHEESE: Barrels closed at \$1.8300 and blocks at \$2.0000. The weekly average for barrels is \$1.9110 (-0.1610) and blocks, \$2.0600 (-0.0900).

NONFAT DRY MILK: Extra Grade closed at \$0.9200 and Grade A at \$0.9200. The weekly average for Extra Grade is \$0.9320 (-0.0080) and Grade A \$0.9320 (-0.0080).

BUTTER: The butter market is showing signs of weakness. Butter production is increasing, stocks in CME approved warehouses are up from previous weeks, demand is slowing, and the price at the CME is lower. Churning activity has picked up in most parts of the country. Butter/powder plant contacts are reporting heavier milk receipts since May 1. Bulk and packaged butter supplies are increasing. Retail sales are slowing as price increases are having an impact. Some producers have noticed a significant drop in orders from retail chains. Food service orders are mostly steady, but slower than last week. Demand for bulk is holding up fairly well as some buyers/users still fear a supply shortfall later this summer.

CHEESE: The cheese market is weak with sizeable price declines occurring at the Chicago Mercantile Exchange cash cheese market. The combination of record high milk prices, falling cheese prices, seasonal increases in milk receipts, and sluggish sales, has cheese inventories accumulating at many locations despite prevention efforts. Some plant operators have tried sizeable discounts to clear milk volumes. Cheese yields are steady to trending lower. CCC announced the purchase of 1.0 – 3.0 million pounds of blocks and 2.5 – 10.2 million pounds of barrels under Invitation 066 to Announcement BCD2 for shipment July 1, 2004 – June 30, 2005.

FLUID MILK: Milk production is steady to higher throughout the nation. Production gains in the Southeast are reduced compared to the week prior yet above levels last year with respect to loads of milk shipped out of Florida. Fluid milk supplies are reportedly long as Class I and III interest declines in conjunction with higher milk production. Class I demand is reduced as schools close for the summer and higher milk prices are reflected at the retail level. Class III demand is reduced in response to sluggish cheese sales that encourage manufacturers to divert high priced milk loads in order to avoid storing high priced cheese. Cream supplies are long. Multiples are mixed yet cream prices are lower in response to decreases in the CME AA butter average. Ice cream producer interest in cream is lower as prices are expected to decline. Movement of cream into churns is increasing. Class II demand for condensed skim is fair to good and nominal on Class III due to the higher reported prices.

DRY PRODUCTS: Dry product markets are trending steady to firm. Production of NDM is increasing as milk is diverted away from cheese and into NDM production facilities. NDM supplies remain tight throughout most of the nation, encouraging trades at higher prices. Dry buttermilk production is increasing with some supply movement noted from the West to other

regions of the country. Buttermilk prices are steady in the Central and East and higher in the West. Dry whey demand is light at steady to higher prices. Production is mixed with heavier output reported in the coastal regions and reduced output indicated in the Central region as cheese plants attempt to divert milk elsewhere. The WPC market remains firm with movement predominantly reported from resellers. Lactose prices are unchanged on a steady market.

CCC: For the period of May 7 – 14, CCC purchased 9,190,906 pounds of non-fortified NDM through the Export Donation Program under Invitation 080 to Announcement FMP1. The cumulative total under Invitation 080 is 30,293,678. CCC contract awards of NDM under Invitation 010 to Announcement DSC1 for unrestricted use totaled 2,033,261 at \$0.8800 - \$0.9600. CCC contract awards of NDM under Invitation 022 to Announcement RSC1 for restricted use totaled 474,577 at \$0.6814 - \$0.6914. Under Invitation 023 to Announcement RSC1, the CCC invites competitive offers on approximately 1,000,000 pounds of NDM for restricted use, offers due by May 24, 2004.

FEBRUARY MAILBOX PRICES (DAIRY PROGRAMS): In February 2004, mailbox milk prices for selected reporting areas in Federal milk orders averaged \$13.54 per cwt., \$.42 more than the figure for the previous month. The component tests of producer milk in February 2004 were: butterfat, 3.75%; protein, 3.07%; and other solids, 5.69%. On an individual reporting area basis, mailbox prices increased in all reporting areas, and ranged from \$16.00 in Florida to \$12.09 in New Mexico. In February 2003, the Federal milk order all-area average mailbox price was \$11.19, \$2.35 lower.

MAY MILK SUPPLY AND DEMAND ESTIMATES (WAOB): Milk production in 2004/05 is projected to rise above 2003/04 as growth in milk-per-cow is expected to be stronger than during the last 2 years. Although milk-feed ratios are expected to be weaker in 2004/05, an expected resumption of prior allocations of rBST will help boost milk per cow. Commercial use is only expected to increase slightly. Milk prices are projected to fall from the strong prices of 2003/04. CCC net removals of nonfat dry milk are forecast higher but cheese and butter are expected to be more closely balanced. The milk production forecast for 2003/04 is reduced from last month due to slower growth in milk-per-cow. Tighter milk supplies and continued strong fat-basis demand result in even higher milk prices than forecast previously. Class III prices are forecast at \$15.60-\$15.80 and the Class IV price at \$12.30-\$12.60. The all milk price is forecast at \$16.20-\$16.40.

MARCH FLUID MILK SALES (DAIRY PROGRAMS): During March, about 4.8 billion pounds of packaged fluid milk products is estimated to have been sold in the United States. This was 1.9% higher than March 2003. After adjusting for calendar composition, sales in March 2004 were 0.3% lower than March 2003. On an individual product basis, after adjusting for calendar composition, sales of reduced fat (2%) milk and flavored fat-reduced milk increased from March 2003, while sales of whole milk, flavored whole milk, low fat (1%) milk, fat-free (skim) milk, and buttermilk decreased.

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**CHICAGO MERCANTILE EXCHANGE
 CASH TRADING**

PRODUCT	MONDAY MAY 10	TUESDAY MAY 11	WEDNESDAY MAY 12	THURSDAY MAY 13	FRIDAY MAY 14	WEEKLY CHANGE*	WEEKLY AVERAGE#
CHEESE							
BARRELS	\$2.0350 (N.C.)	\$1.9300 (-.1050)	\$1.9300 (N.C.)	\$1.8300 (-.1000)	\$1.8300 (N.C.)	(-.2050)	\$1.9110 (-.1610)
40# BLOCKS	\$2.1500 (N.C.)	\$2.1500 (N.C.)	\$2.0000 (-.1500)	\$2.0000 (N.C.)	\$2.0000 (N.C.)	(-.1500)	\$2.0600 (-.0900)
NONFAT DRY MILK							
EXTRA GRADE	\$.9400 (N.C.)	\$.9400 (N.C.)	\$.9400 (N.C.)	\$.9200 (-.0200)	\$.9200 (N.C.)	(-.0200)	\$.9320 (-.0080)
GRADE A	\$.9400 (N.C.)	\$.9400 (N.C.)	\$.9400 (N.C.)	\$.9200 (-.0200)	\$.9200 (N.C.)	(-.0200)	\$.9320 (-.0080)
BUTTER							
GRADE AA	\$2.1700 (N.C.)	-----	\$2.0725 (-.0975)	-----	\$2.0200 (-.0525)	(-.1500)	\$2.0875 (-.0642)

CHEESE: carload = 40,000-44,000 lbs., NONFAT DRY MILK: carlot = 42,000-45,000 lbs., BUTTER: carlot = 40,000-43,000 lbs. *Sum of daily changes. # Weekly averages are simple averages of the daily closing prices for the calendar week. Computed by Dairy Market News for informational purposes. This data is available on the Internet at WWW.AMS.USDA.GOV/MARKETNEWS.HTM

CHICAGO MERCANTILE EXCHANGE

MONDAY, MAY 10, 2004

CHEESE — SALES: 4 CARS 40# BLOCKS @ \$2.1500; BIDS UNFILLED: 1 CAR BARRELS @ \$1.7500; 1 CAR 40# BLOCKS @ \$2.1500; OFFERS UNCOVERED: 2 CARS BARRELS: 1 @ \$2.0350, 1 @ \$2.0450
 NONFAT DRY MILK — SALES: NONE; BIDS UNFILLED: NONE; OFFERS UNCOVERED: NONE
 BUTTER — SALES: 2 CARS GRADE AA: 1 @ \$2.1600, 1 @ \$2.1700; BIDS UNFILLED: 4 CARS GRADE AA: 1 @ \$2.1700, 1 @ \$2.1675, 1 @ \$2.1500, 1 @ \$2.1300; OFFERS UNCOVERED: NONE

TUESDAY, MAY 11, 2004

CHEESE — SALES: 2 CARS BARRELS: 1 @ \$1.9775, 1 @ \$1.9500; 5 CARS 40# BLOCKS @ \$2.1500; BIDS UNFILLED: 1 CAR 40# BLOCKS @ \$2.1500; OFFERS UNCOVERED: 8 CARS BARRELS: 2 @ \$1.9300, 1 @ \$1.9775, 1 @ \$1.9975, 1 @ \$2.0025, 1 @ \$2.0175, 1 @ \$2.0275, 1 @ \$2.0350
 NONFAT DRY MILK — SALES: NONE; BIDS UNFILLED: NONE; OFFERS UNCOVERED: NONE

WEDNESDAY, MAY 12, 2004

CHEESE — SALES: 3 CARS 40# BLOCKS @ \$2.0000; BIDS UNFILLED: NONE; OFFERS UNCOVERED: 3 CARS BARRELS @ \$1.9300; 5 CARS 40# BLOCKS: 1 @ \$2.0100, 1 @ \$2.0300, 1 @ \$2.0800, 1 @ \$2.1450, 1 @ \$2.1500
 NONFAT DRY MILK — SALES: NONE; BIDS UNFILLED: NONE; OFFERS UNCOVERED: NONE
 BUTTER — SALES: 7 CARS GRADE AA: 1 @ \$2.1000, 2 @ \$2.0900, 2 @ \$2.0700, 2 @ \$2.0725; BIDS UNFILLED: 4 CARS GRADE AA @ \$2.0500; OFFERS UNCOVERED: 6 CARS GRADE AA: 2 @ \$2.1000, 1 @ \$2.1200, 1 @ \$2.1275, 1 @ \$2.1400, 1 @ \$2.1675

THURSDAY, MAY 13, 2004

CHEESE — SALES: 7 CARS BARRELS: 3 @ \$1.9225, 1 @ \$1.9300, 2 @ \$1.9200, 1 @ \$1.8550; 6 CARS 40# BLOCKS: 1 @ \$1.9975, 1 @ \$2.0000, 2 @ \$1.9975, 1 @ \$2.0000, 1 @ \$1.9950; BIDS UNFILLED: 1 CAR 40# BLOCKS @ \$2.0000; OFFERS UNCOVERED: 7 CARS BARRELS: 1 @ \$1.8300, 1 @ \$1.8775, 1 @ \$1.9200, 4 @ \$1.9300; 1 CAR 40# BLOCKS @ \$2.1000
 NONFAT DRY MILK — SALES: NONE; BIDS UNFILLED: NONE; OFFERS UNCOVERED: 1 CAR EXTRA GRADE @ \$0.9200; 1 CAR GRADE A @ \$0.9200

FRIDAY, MAY 14, 2004

CHEESE — SALES: 2 CARS 40# BLOCKS: 1 @ \$1.9975, 1 @ \$2.0000; BIDS UNFILLED: NONE; OFFERS UNCOVERED: 1 CAR BARRELS @ \$1.8300; 3 CARS 40# BLOCKS: 2 @ \$2.0000, 1 @ \$2.1000
 NONFAT DRY MILK — SALES: NONE; BIDS UNFILLED: NONE; OFFERS UNCOVERED: NONE
 BUTTER — SALES: 10 CARS GRADE AA @ \$2.0200; BIDS UNFILLED: 9 CARS GRADE AA: 2 @ \$2.0200, 2 @ \$2.0150, 4 @ \$2.0100, 1 @ \$2.0000; OFFERS UNCOVERED: 1 CAR GRADE AA @ \$2.0725

BUTTER MARKETS

NORTHEAST

The market tone, though still showing signs of weakness, has seen a firming of prices since the beginning of May. Trading activity at the CME has increased slightly with prices rebounding in two of the last three sessions (through 5/10). Churning activity in the East was heavier last week as more milk and cream were available. With the additional cream volumes being offered, butter makers were less aggressive with their buying. Demand for butter is slower. Producers have commented that packaged butter is not leaving the plant in the volumes seen earlier in the year. Consequently, more bulk was being made. The slower demand may be due to higher retail prices plus the fact the Mother's Day needs had been shipped. Distributors are unsure of price changes and are trying to stay as current as they can, should prices take a tumble before summer. Sales of bulk butter f.o.b. East, are reported in a range of flat market to 5.5 cents over the CME price/average.

CENTRAL

The market tone is weaker. The increasing volumes of excess cream coupled with lackluster demand and increasing volumes of bulk in CME approved warehouses pushed prices lower at midweek. Production levels are up in most parts of the region. Reports indicate that excess cream volumes are increasing and more loads of Eastern cream are finding their way into Midwestern plants. Retail prices have jumped in recent weeks and sales have been adversely affected. Contacts reports that packaged butter sales are below normal, weekly volumes. Demand for bulk seems a little slower as buyers/speculators wait to see if prices will dip further. Food service orders are slower, a typical pattern for the post-Mother's

Day weekend. Bulk butter for spot sale is being reported in the 2 - 4 cents per pound range over various pricing basis.

WEST

Butter prices at the cash CME market had either held steady or increased slightly for the last five trading sessions before May 12. Trading on that date brought prices down 9 3/4 cents to \$2.0725. Trading activity at the Exchange has been moderate with 23 cars sold last week and only 9 this week. Western contacts indicate that sales activity for the last two weeks has been about steady and stocks are not backing up much at the producer level. Some buyers are carefully assessing what impact higher retail pricing is having on current sales. Stores indicate that volumes moving out are slower. Most churning facilities report generally steady supplies of cream. Not much difference was noted in offerings related to either the last week in April or the first week in May because of major pricing differences. U.S. butter production in 2003 totaled 1.24 billion pounds, down 8.3% (112.8 million pounds) from 2002. Production in the first quarter of 2004 unadjusted totals 307.6 million pounds, down 22.4% (88.8 million pounds) from the first quarter in 2003. The number of plants churning butter in 2003 totaled 69, down 3 plants from 2002. In 1993 there were 123 plants producing butter. CME weekly butter inventories increased by 3.2 million pounds for last week to stand at 92.7 million pounds. Stocks have increased by 5.2 million pounds over the last four weeks compared to 18.7 million pounds for the same period last year. Current prices for bulk butter range from flat market to 5 cents under based on the CME with various time frames and averages.

NASS DAIRY PRODUCT PRICES

U.S. AVERAGES AND TOTAL POUNDS

WEEK ENDING	CHEESE		NDM	BUTTER	DRY WHEY
	40# BLOCKS	38% MOISTURE BARRELS			
MAY 8	2.1718	2.1981	0.8343	2.1698	0.2960
	7,933,943	12,118,390	20,574,456	2,751,033	10,124,188

Further data and revisions may be found on the internet at: <http://jan.mannlib.cornell.edu/reports/nassr/price/dairy>

CHEESE MARKETS

NORTHEAST

Prices are mostly lower for the second consecutive week. The market tone is a little weaker. Demand has eased from the good week last week and prices at the CME are steady, but tenuous at best. Apparently there is some industry support at current levels, but as more cheddar is offered, some question how long that support will last. Cheese output in the Northeast is lighter than normal for this time of year due to tighter milk supplies and high Class III milk prices. Demand for cheese is slowing as distributors, retailers, and users do not want much inventory. Orders have slowed from last week, particularly in the food service channels. Retail movement is slower and higher prices are often cited as the reason for the decline in sales.

WHOLESALE SELLING PRICES: DELIVERED,
DOLLARS PER POUND (1000 - 5000 POUNDS MIXED LOTS)

Cheddar 10# Prints	:	2.2175-2.7325
Cheddar Single Daisies	:	2.1750-2.6500
Cheddar 40# Block	:	2.2900-2.5500
Process 5# Loaf	:	2.2825-2.4850
Process 5# Sliced	:	2.3025-2.5425
Muenster	:	2.3900-2.5925
Grade A Swiss Cuts 10 - 14#	:	2.4500-2.6500

MIDWEST

The cheese market is weak. The widening spread between blocks and barrels has forced plant operators to switch all milk possible from barrels. Current cash cheese prices have caused buyers to manage inventories closer and most are still making purchases, though generally smaller volumes and/or less frequently. Some additional milk supplies have shifted from cheese production to butter/cream/powder which is in better balance than cheese. Plant cheese inventories are accumulating at most locations due to sluggish sales basically across the board, but in particular, mozzarella. Production reductions have occurred on most varieties that are aged such as Parmesan. Process interest is unseasonably slow though somewhat better for some non-standardized (usually cheaper) versions. Buyers are far more interested in reducing their committed cheese purchases than in a spot purchase. Cheese production is steady to slightly higher seasonally. Cheese yields are steady to generally slightly lower. Volumes of milk are available for manufacturing have increased though interest is light, even at a discount.

WISCONSIN WHOLESALE SELLING PRICES: DELIVERED,
DOLLARS PER POUND (1000 - 5000 POUNDS MIXED LOTS)

Process American 5# Loaf	:	2.2525-2.5600
Brick And/Or Muenster 5#	:	2.5400-2.8050
Cheddar 40# Block	:	2.2650-2.5025
Monterey Jack 10#	:	2.2650-2.7450
Blue 5#	:	2.9000-3.2500
Mozzarella 5 - 6# (Low Moisture, Part Skim)	:	2.3650-2.4475
Grade A Swiss Cuts 6 - 9#	:	2.5075-2.8300

WEEKLY COLD STORAGE HOLDINGS-SELECTED STORAGE CENTERS
IN THOUSAND POUNDS - INCLUDING GOVERNMENT STOCKS

BUTTER : CHEESE		
05/10/04	38,154	: 134,270
05/01/04	40,348	: 132,971
CHANGE	-2,194	: 1,299
% CHANGE	-5	: 1

WEST

The weekly CME cheese averages have declined for the last two weeks and prices there are sharply lower this week. Buyers are much more cautious in making purchases with the market indicating that prices are weakening. Often buyers are now bidding under the market to see how anxious producers are to make a sale. Current cheese supplies don't seem to be increasing very rapidly so sellers aren't being forced into decisions because of growing inventories. Production levels are increasing slowly, seasonally. Some plants are not maximizing cheese output like they were earlier by fortifying the vat with more solids. Mozzarella interest has improved, but production is quite a bit stronger. Much of the price increase for Swiss cheese has now been put in place and it remains to be seen how it will impact sales. Total cheese production for the U.S. in 2003 was 8.60 billion pounds, up 0.6% (50.7 million pounds) from 2002. Total cheese output in the first quarter of 2004 unadjusted was 2.17 billion pounds, up 3.8% (78.8 million pounds) from the first quarter in 2003. There were 399 cheese plants as surveyed by NASS in 2003, down five plants from the previous year. In 1993 there were 464 plants.

WHOLESALE SELLING PRICES: DELIVERED, DOLLARS PER POUND
(1000 - 5000 POUNDS MIXED LOTS)

Process 5# Loaf	:	2.2200-2.4800
Cheddar 40# Block	:	2.2725-2.3525
Cheddar 10# Cuts	:	2.4525-2.6725
Monterey Jack 10#	:	2.4625-2.6225
Grade A Swiss Cuts 6 - 9#	:	2.4500-2.8700

FOREIGN

Prices are steady to lower and the market tone is unchanged. Demand for foreign type cheeses is mixed, mostly slow to fair. Food service orders have slowed after a good sales-week last week for Mother's Day needs. Imports are about steady. At last week's Codex Committee meeting, the Committee voted to make "Parmesan" a generic name, which means anyone can now make it and call it Parmesan. The EU has legal proceedings "in the works" to make several names Geographic Indicators (GI's) to protect cheeses and other products made in specific locales or countries. The Codex Committee's vote is seen by many as a significant blow to the EU's legal case.

WHOLESALE SELLING PRICES: FOB DISTRIBUTORS DOCK
DOLLARS PER POUND (1000 - 5000 POUNDS, MIXED LOTS)

NEW YORK		
VARIETY	IMPORTED	DOMESTIC
Roquefort	: TFEWR	: -0-
Blue	: 2.6400-4.1900	: 2.5125-4.0025*
Gorgonzola	: 3.6900-5.9400	: 2.4900-3.0350*
Parmesan (Italy)	: TFEWR	: 3.9225-4.0325*
Romano (Italy)	: 2.1000-3.1500	: -0-
Provolone (Italy)	: 3.4400-5.5000	: 2.5225-2.7475*
Romano (Cows Milk)	: -0-	: 3.7100-5.8825*
Sardo Romano (Argentina)	: 2.8500-3.2900	: -0-
Reggiano (Argentina)	: 2.6900-3.2900	: -0-
Jarlsberg-(Brand)	: 2.7500-3.8900	: -0-
Swiss Cuts Switzerland	: -0-	: 2.4500-2.6500
Swiss Cuts Finnish	: 2.5900-2.8500	: -0-
Swiss Cuts Austrian	: TFEWR	: -0-
Edam	:	:
2 Pound	: TFEWR	: -0-
4 Pound	: 2.1900-3.4500	: -0-
Gouda, Large	: TFEWR	: -0-
Gouda, Baby (\$/Dozen)	:	:
10 Ounce	: 27.8000-31.7000	: -0-

* = Price change.

FLUID MILK AND CREAM

E A S T

Spot shipments of Grade A milk into or out of Florida and other Southeastern states

	THIS WEEK		LAST WEEK		LAST YEAR	
	IN	OUT	IN	OUT	IN	OUT
FLORIDA	0	198	0	207	0	192
SOUTHEAST STATES	0	0	0	0	0	0

Milk production is easing lower in much of the Deep South, about steady in Florida and the Mid-South, and increasing slowly from the Middle Atlantic area and north. Hot weather moved on the Northeast this week and contacts feel that that will help grass and pasture growth, which may give milk output a boost. Fluid milk supplies are long and more surplus milk is finding its way into butter/powder operations. The high price of Class I milk is being passed along at retail and sales are slowing. There have been a lot of media articles about the rising retail prices of milk, butter, and cheese. Contacts indicate that these articles and the higher prices are having a negative impact on consumption. In fact, one supplier has stated the Class I milk sales are off approximately 10% because of the price increases. Couple the slower Class I demand with the very high prices for Class III milk and we have a lot more milk being pushed to Class IV operations. Also, some Southeastern schools will be recessing next week, with more to follow the last week of May. This will cause more surplus milk for the next few weeks. Plants that had been operating only on weekends are now running daily, but contacts feel that plant capacity will not be as big an issue as Class III milk prices are. The condensed skim market is little changed. Prices for Class III are sharply higher and nominal. No spot sales are noted at these levels and few Class II spot sales are being reported. The fluid cream market is weaker. Offerings are increasing and demand is seldom better than fair. Spot prices are mixed, ranging from lower to slightly higher. The two-cent increase in last week's CME butter average was often offset by lower multiples. Many cream buyers think that the CME butter price will move lower in the near future and are waiting to make additional spot cream purchases. Ice cream production is mostly steady, but the recent hot weather did give soft serve mix orders a nice boost. Cream cheese output is seasonally slow and producers are not interested in making spot purchases at this time. Their contracted volumes are sufficient to meet their needs. Bottled cream sales are mostly steady. Churning activity is increasing as more excess cream is being offered to butter makers. With all the extra cream, the market has turned into a buyers' market.

FLUID CREAM AND CONDENSED SKIM PRICES IN TANKLOT QUANTITIES

SPOT PRICES OF CLASS II CREAM, \$ PER LB BUTTERFAT

F.O.B. PRODUCING PLANTS: NORTHEAST	-	2.6466-2.9048
DELIVERED EQUIVALENT ATLANTA	-	2.6036-2.9263 M 2.6681-2.7972
F.O.B. PRODUCING PLANTS: UPPER MIDWEST	-	2.7327-2.9048

PRICES OF CONDENSED SKIM, \$ PER LB SOLIDS

F.O.B. PRODUCING PLANTS:

NORTHEAST- CLASS II - INCLUDES MONTHLY FORMULA PRICES	-	.8700-.9300
NORTHEAST- CLASS III - SPOT PRICES	-	1.4800-1.5400

M I D W E S T

Milk supplies are surplus for current demand as recent cheese price declines and higher retail and food service dairy product prices slow demand. Class I usage remains light for most bottlers again this week, at least partially due to higher retail prices. A few "loss leader" (under \$2.00 per gallon) milk promotions were generating additional sales in selected markets. The closing of many colleges and a few schools for the summer has reduced overall school milk demand, although most schools remain in session. Milk supplies far exceed current demand and discounts are large, at least \$2.50 to 3.25 with an unconfirmed report of \$5.00 under class. Most would be bulk milk sellers are having difficulty even receiving an offer. Sluggish cheese sales have producers trying to reduce production to keep from building inventory. Regardless, cheese plant operators are seeing significant inventory write downs at record high milk prices, causing financial stress. Weather related plant problems such as power outages caused additional fluid volumes to back up. A few multi-plant operations have shifted milk from cheese production to butter/cream/condensed/NDM production. Current milk intakes are steady to generally

higher with locations further south in the region nearing peak levels. Manufacturing schedules are steady to generally heavier. Fat and protein levels are steady to generally lower. Ice cream production has picked up though much is still used to build inventory. Condensed skim interest for Class II is good though Class III interest is non-existent due to the price. Rain and wet fields have stopped planting in the upper tier of states. Peak quality levels for the first alfalfa cutting is also being reached in parts of central and southern Illinois with Wisconsin a week or two behind. At a recent Wisconsin dairy cattle sale, approved to supreme fresh and springing cows sold for \$1675 - 2500 per head, and springing heifers \$1700 - 2200.

WISCONSIN LIVESTOCK AUCTIONS (PER CWT.)

	MAY 6 - 12	PREVIOUS YEAR
SLAUGHTER COWS	\$ 50.00- 58.00	\$ 41.75- 45.00
REPLACEMENT HEIFER CALVES	\$320.00-600.00	\$200.00-330.00

SOUTH ST. PAUL TERMINAL AUCTION MARKET (PER CWT.)

	MAY 6 - 12	PREVIOUS YEAR
SLAUGHTER COWS	\$ 50.00- 59.75	\$ 40.00- 48.75

W E S T

The June 2004 Class 1 prices in CALIFORNIA range from \$22.04 in the north to \$22.31 in the south. The statewide average Class 1 price based on production is \$22.09. The average is \$0.78 higher than May 2004 and \$10.25 higher than June 2003. U.S. hay stocks on farms May 1, total 25.9 million tons, up 17% (3.9 million tons) from May 1, 2003. For selected states in the West, stocks are up in seven states and down in one. Stocks in these states total 2.7 million tons, up 24% from a year earlier. Stocks for the U.S. and the West are also larger than two years ago. NASS surveys U.S. hay stocks twice a year, on December 1 and May 1. CALIFORNIA milk production levels are trending slightly higher and reflect cooler and more seasonal temperatures across the state. The milk supply itself is not creating problems for processors, but the drop in cheese prices at the CME this week has. Cheese makers are attempting to sell extra milk and back intakes off to contract minimums. There are concerns that the market could move lower. This is pushing more milk to butter/powder operations that were running nearly full to begin with. Bottlers are still seeing slow Class 1 orders. The increases in retail milk prices coupled with continuous news features on the dairy product price increases may have impacted retail sales. NEW MEXICO milk production is moving higher. Milk supplies are becoming harder to place as cheese plants cut back on orders. Interest from other outlets has to be stimulated with discounts. Milk movements to the Southeast are slow to redevelop. CREAM supplies are longer this week with prices moving lower. Butter prices moved lower at the CME this week and closed on Wednesday at \$2.0725. Demand from ice cream makers and butter makers in other regions is more price sensitive. Cream multiples range from 108 to 125, FOB, and vary depending on class usage and basing point. Cool conditions are common over the PACIFIC NORTHWEST. Milk production ranges from steady to slightly heavier. Producers in the region are looking at making limited expansions this summer, but are concerned about finding cows or heifers to populate the expanded facilities. Springer prices at a monthly sale in Washington last week sold from \$2400-2700, up \$4-500 from a month earlier. New crop hay in the region is just beginning to become available. Prices are firm compared to last year and the quality is good. Big bale stacks were selling at the farm level from \$120-125 in a limited test. Exporters have not been much of a factor in the market yet, but they likely will further put pressure on prices. Some talk of moving milk out of cheese production into butter/powder is noted as cheese milk prices are extremely high and cheese prices are beginning to fall. Cool conditions have been noted this week with some shower activity early in the week in UTAH and IDAHO. Scattered frost was reported in some areas. These weather conditions should help the alfalfa mature at a slow enough pace to yield good quality hay. Most plants are reporting that milk receipts are increasing seasonally and not at the peak yet. Plants are reporting adequate milk supplies with none of them searching for additional milk. Heifer supplies remain tight and demand is very firm. At heifer sales in the region this past week, the top end ranged from \$2550-2600 and the average was from \$1915-2075 with good buyer interest noted.

NDM, BUTTERMILK & WHOLE MILK

Prices represent carlot/trucklot quantities for domestic and export sales packaged in 25 kg. or 50 lb. bags, or totes, spray process, dollars per pound.

NONFAT DRY MILK - CENTRAL AND EAST

CENTRAL: Prices are higher on a firm market. Supplies of low heat NDM are limited for the good interest. However, production of low heat is increasing as milk supplies increase in response to school recesses and reduced milk intakes into some cheese vats. Some buyers are resisting higher prices and are opting to wait and see whether available supplies will increase with higher production and/or if resale supplies are obtainable. Traders are speculating that the release of 3,000,000 pounds of aged CCC NDM this week will not significantly affect the NDM market conditions. High heat supplies are tight for the good interest. Some less than truck lot loads of high heat are trading above the range. Standard grade NDM is available from some Western suppliers and is being delivered into the Central region.

EAST: Eastern prices are mostly steady. More milk is being received at Eastern butter/power plants and drying schedules are increasing. Among the reasons for the increased drying are: increasing milk production, slower Class I sales, and the very high Class III milk prices. Milk supplies were heavy enough to keep most dryers making low heat powder. Little high heat NDM is being made and producer stocks reflect this lower output. Stocks of NDM in the East have been tight and the extra output is welcomed. However, most of the additional production is already committed to contract buyers and little is available on the spot market. Contacts still report that most spot needs are filled in the resale market. And, resales are more often becoming categorized and priced by age. Many spot resales are in the high 80's, while the more requested newer (less than a year old) powder is often priced in the low to mid 90's. Demand is fairly good as many buyers try to buy ahead of possible price increases. However, there are reports of producers limiting/tying buyers' orders to last year's purchases. Volumes beyond those "preset levels" command premiums to current pricing structures.

F.O.B. CENTRAL/EAST: Includes EXTRA GRADE and GRADE A
LOW/MEDIUMHEAT: .8300 - .9800 MOSTLY: .8700 - .9100
HIGHHEAT: .8625 - 1.2000

NONFAT DRY MILK - WEST

Prices on the top end of the range were lower and reflect the lack of sales there. However, prices moved higher on the top end of the mostly range. The market tone is firm although buyers are less aggressive than in recent weeks. The drop in cheese prices has milk moving out of cheese production and less condensed skim and NDM being used in the process. Production at most plants in the region remains heavy to process the milk volumes. The trade awaits the status of the CCC sellback of up to 3,000,000 pounds of NDM for unrestricted use that will be publicly announced late on May 13. The CCC also announced this week an invitation of the pudding program where NDM is part of the payment to suppliers. No support price purchases were made for the week of May 3 - 7. High heat prices continue to increase. Sales remain light in the region. Contracts are being shorted and moved back to accommodate the lack of high heat supplies.

F.O.B. WEST: Includes EXTRA GRADE and GRADE A
LOW/MEDIUMHEAT: .8200 - .9200 MOSTLY: .8200 - .8900
HIGHHEAT: .8500 - .9100

CALIFORNIA MANUFACTURING PLANTS - NDM

WEEK ENDING	PRICE	TOTAL SALES	SALES TO CCC
May 7	\$.8213	13,701,031	0
April 30	\$.8126	14,328,738	0

Prices are weighted averages for Extra Grade and Grade A Nonfat Dry Milk, f.o.b. California manufacturing plants. Prices for both periods were influenced by effects of long-term contract sales. Total sales (pounds) include sales to CCC. Compiled by Dairy Marketing Branch, California Department of Food and Agriculture.

DRY BUTTERMILK - CENTRAL

Prices are unchanged and nominal on a steady market. As some cheese plants reduce milk intakes and Class I interest slows in response to school recesses, available milk supplies for churning are increasing. As a result, production of condensed buttermilk is higher. Movement of condensed buttermilk is good into custom dryers and ice cream plants. Dry buttermilk supplies are heavier than the week prior yet producers are generally not reducing prices. Resale trades are noted at the average and higher for the good interest. West coast supplies of buttermilk are being delivered into the Central region at prices below the range.

F.O.B. CENTRAL: 1.0775 - 1.2700

DRY BUTTERMILK - NORTHEAST AND SOUTHEAST

The dry buttermilk prices are mostly steady. The Northeastern prices remain nominal and include resale prices. The market tone is firm. Production levels are up slightly this week as churning activity is heavier. However, the increased churning does not necessarily mean more dry buttermilk. Sales of liquid/condensed buttermilk are improving seasonally and drying schedules are only slightly heavier. Producer stocks range from tight to barely adequate. More traders/users are commenting on the high prices for dry buttermilk. The tight supply and good demand have driven prices well above levels normally expected for this time of year. Demand is mostly steady.

F.O.B. NORTHEAST: 1.0000 - 1.1900
DELVDSOUTHEAST: .9800 - 1.2000

DRY BUTTERMILK - WEST

Dry buttermilk prices are trending higher for both the range and mostly series. The market undertone remains firm. The Western range is moving closer to the Central range. Some buttermilk is moving from the West to other regions. This is limited because orders to regular accounts are being shorted. Butter production is higher. Current dry buttermilk stocks are light.

F.O.B. WEST: .9800 - 1.0500 MOSTLY: .9850 - 1.0200

DRY WHOLE MILK - NATIONAL

Prices are unchanged to lower and nominal. Production levels are light and geared to meeting contract shipping schedules. More milk is available to Class IV operations, but most dryers are making NDM as a way to clear the milk faster. Demand is steady at generally good levels. The tight supply of U.S. dry whole milk continues to be supplemented with imported powder. However, stocks of imported whole milk powder are also tight.

F.O.B. PRODUCING PLANT: 1.4150 - 1.5800

DEIP BID ACCEPTANCE SUMMARY

JULY 1, 2003 - YTD
WITH CHANGES FROM PREVIOUS REPORT

NONFAT DRY MILK	--	68,201	MT (150,355,925 LBS)
CHEESE	--	3,030	MT (66,799,938 LBS)

Allocations for the DEIP year beginning July 1, 2003, were announced on August 15 and total 68,201 MT of NDM, 3,030 MT of cheese, and 21,097 MT of butterfat. (These totals are unchanged from last year's program.) This program-year's allocations are again being announced in stages. Stage one allocations are:

NDM -- 22,733 MT, butterfat -- 7,032 MT, and cheese -- 1,010 MT. Stage two allocations are: NDM -- 45,468 MT and cheese -- 2,020 MT. These fill the program-year allocations for these products. The allocation for butterfat announced in stage one remains in place and leaves a balance for future, possible allocations.

WHEY, CASEIN & EVAPORATED MILK

Prices represent carlot/trucklot quantities for domestic and export sales packaged in 25 kg. or 50 lb. bags, or totes, spray process, dollars per pound.

DRY WHEY - CENTRAL

Prices are generally unchanged on a steady market. Trade interest is very light. Buyers are hesitant to make additional purchases as the price is perceived as too high. Manufacturers are generally holding prices steady despite heavier stocks reported at some locations. Some manufacturers report that stocks are being held with confidence in order to guarantee delivery of contractual shipments during the hot summer months. Buyers, domestic and export, are noting increased offerings of whey, especially from resellers, at a discount to the current market. Whey production is steady to lower as milk intakes into some cheese plants are reduced in response to the higher price of milk.

F.O.B. CENTRAL: .3050 - .3250 MOSTLY: .3050 - .3150

DRY WHEY - NORTHEAST AND SOUTHEAST

The dry whey market is steady and prices are unchanged. Many contacts feel that the market may have topped out for a while. Production levels are up slightly as more milk is available. However, the high costs of Class III milk coupled with the falling cheese prices and slowing demand have more producers less enthused about making cheese. Most Eastern dry whey producers continue to report being sold out for the foreseeable future. Any extra loads that may be made are going to catch up with contract deliveries or are being held for future needs. Most producers expect output to drop seasonally as we progress into summer. The Northeast price range is nominal and includes resale prices. Demand for dry whey is mixed, mostly steady. Few spot sales are being reported.

F.O.B. NORTHEAST: EXTRA GRADE AND GRADE A: .3150 - .3400
DELVD SOUTHEAST: .3250 - .3600

DRY WHEY - WEST

Prices continue to move higher for Western whey powder. The difference between Western and Central prices is narrowing as powder is being shipped from the West into the Central region. Domestic buyers are more aggressive in searching for additional loads of powder when compared to exporters. Prices are high enough that export sales are slowing as buyers overseas search for cheaper alternatives. Production ranges from steady to slightly heavier. No one at the producer level is commenting that there is additional whey for sale at this time.

NONHYGROSCOPIC: .2400 - .3100 MOSTLY: .2500 - .2800

ANIMAL FEED WHEY - CENTRAL

Prices are unchanged and nominal on a steady market. Supplies of milk replacer whey are light. Interest is generally good as feed buyers seek low cost alternatives to the Extra Grade whey market. Veal and early weaned pig markets are weak.

F.O.B. CENTRAL:
MILK REPLACER: .2700 - .3000

WHEY PROTEIN CONCENTRATE - CENTRAL AND WEST

Prices are higher on a firm market. Limited trade activity due to tight supplies may hinder future price movement. Trades reported from resellers are generally at a premium. Increased requests for wheat protein based milk replacer products are being noted by feed manufacturers as the higher prices of whey and whey protein are being reflected in end-user products. Some feed buyers are awaiting CCC NDM award announcements before making additional purchases. Manufacturers note that the price of whey protein is severely under-valued compared to whey prices on a per unit of protein basis. The continued growth in high protein markets that diverts condensed whey supplies away from WPC 34% production facilities is a suggested factor behind higher market prices for WPC 34%. Lack of imported proteins is also a reported driving factor behind firm whey protein markets. Off grade supplies are limited for the good interest.

F.O.B. EXTRA GRADE 34% PROTEIN: .6275 - .6600 MOSTLY: .6275 - .6475

LACTOSE - CENTRAL AND WEST

Lactose prices continue unchanged on a steady market. Spot interest is very light with most movement occurring on a contractual basis. Some trades of lactose as a substitute to whey into feed plants continue to be reported. Inventories are mixed with some plants reporting a "sold out" position whereas others indicate that stocks are building. Production is steady to lower as some cheese plants reduce milk intakes. Off grade supplies are limited for the good interest.

Including spot sales and up to 3 month contracts. Mesh size 30 - 100.

F.O.B. EDIBLE: .2200 - .2700 MOSTLY: .2300 - .2450

CASEIN - NATIONAL

Prices for rennet casein are unchanged with a firm market tone noted. Supplies are tight and often short of current trade needs. The influence of high natural cheese prices on the imitation and analog cheese producers has been generally maxed out due to production capacities. Acid casein prices are higher with market conditions remaining firm. Demand is good for the current scheduled supplies. Protein needs are growing from the food sector. On May 11, the CCC announced Invitation 017 for the sale of CCC-owned NDM for the manufacture of casein or caseinate with offers due on May 17. There had been trade concerns that this program could be on hold because of higher NDM prices and other CCC sellback announcements.

SPOT SALES AND UP TO 3 MONTH CONTRACTS. PRICES ARE F.O.B., U.S. WAREHOUSE FOR EDIBLE NONRESTRICTED AND VARY ACCORDING TO MESH SIZE AND QUALITY.

RENNET: 2.3500 - 2.5500
ACID: 2.3500 - 2.5500

EVAPORATED MILK - NATIONAL

Prices and the market tone are unchanged. Production levels are increasing as plants get back on line after being down during April. Surplus milk supplies are heavier this week, but prices are still high compared to last year and there is little discounting of the extra milk. However, with evaporated milk now classified as a Class IV product under Federal orders, producers are trying to replenish inventories. Demand is fair, but more producers are initiating a second round of price increases to cover the increasing costs of milk and natural gas or fuel oil.

DOLLARS PER 48 - 12 FLUID OUNCE CANS PER CASE DELIVERED MAJOR U.S. CITIES \$22.00 - 30.00

Excluding promotional and other sales allowances. Included new price announcements.

CHICAGO MERCANTILE EXCHANGE FUTURES

Selected settling prices, (open interest), and volume 1/

Month	04/28	04/29	04/30	05/03	05/04	05/05	05/06	05/07	05/10	05/11
CME - (CLASS III) MILK FUTURES -- Dollars per cwt										
APR 04	19.59 (6592) 42	19.61 (6509) 0	19.66							
MAY 04	19.60 (7368) 211	19.90 (7454) 263	19.79 (7673) 752	19.96 (7925) 662	20.23 (7988) 608	20.08 (7961) 432	20.20 (8054) 226	20.34 (7990) 283	20.45 (8299) 564	20.39 (8303) 186
JUN 04	16.28 (4957) 801	16.52 (4948) 405	16.28 (5089) 524	17.03 (4882) 712	17.50 (5207) 545	16.81 (5441) 531	16.60 (5464) 624	17.22 (5547) 471	17.49 (5512) 555	16.74 (5722) 752
JUL 04	15.40 (4010) 466	15.35 (4010) 209	15.25 (3998) 219	15.62 (4061) 281	16.20 (4072) 187	15.66 (4127) 194	15.40 (4176) 217	15.70 (4236) 318	15.85 (4288) 119	15.10 (4292) 418
AUG 04	15.35 (3934) 482	15.35 (3915) 198	15.20 (3904) 146	15.63 (3899) 166	16.20 (3946) 155	15.80 (3971) 99	15.45 (4003) 119	15.80 (4003) 125	15.89 (4034) 75	15.14 (4003) 319
SEP 04	15.00 (3785) 165	15.00 (3781) 92	14.99 (3759) 133	15.28 (3773) 109	15.48 (3774) 56	15.45 (3784) 84	15.30 (3796) 57	15.45 (3811) 83	15.50 (3839) 56	14.75 (3822) 163
OCT 04	14.17 (2952) 150	14.50 (2949) 21	14.25 (2944) 19	14.50 (2948) 60	14.60 (2971) 48	14.49 (2983) 32	14.25 (2954) 9	14.65 (3038) 142	14.65 (3061) 55	14.23 (3038) 73
NOV 04	13.40 (1907) 50	13.05 (1906) 56	13.00 (1907) 18	13.09 (1905) 55	13.09 (1917) 25	13.00 (1930) 56	12.93 (1908) 37	13.10 (1909) 25	13.20 (1922) 27	13.20 (1919) 12
DEC 04	12.10 (1688) 49	12.02 (1676) 27	12.07 (1677) 1	12.15 (1661) 47	12.15 (1656) 54	12.20 (1660) 23	12.20 (1660) 0	12.20 (1662) 11	12.40 (1668) 30	12.15 (1695) 77
JAN 05	12.00 (481) 5	11.95 (469) 35	11.95 (471) 5	11.95 (466) 17	12.05 (466) 19	12.05 (466) 10	12.05 (466) 0	12.05 (467) 9	12.05 (467) 2	12.00 (460) 10
FEB 05	11.90 (405) 10	11.90 (411) 7	11.90 (417) 11	11.90 (417) 0	11.90 (419) 7	12.00 (419) 0	12.00 (420) 25	12.00 (417) 11	12.00 (419) 2	12.00 (419) 0
MAR 05	11.80 (252) 6	11.90 (253) 8	11.85 (253) 0	11.85 (253) 0	11.85 (260) 13	12.00 (259) 1	11.95 (259) 0	11.95 (259) 9	11.95 (259) 0	11.95 (259) 0
APR 05	12.05 (128) 4	12.05 (125) 4	12.05 (126) 1	12.05 (126) 0	12.10 (127) 1	12.06 (127) 0	12.06 (127) 0	12.06 (127) 9	12.06 (129) 2	12.06 (129) 0
MAY 05	11.90 (94) 0	11.90 (94) 0	11.90 (99) 5	12.00 (99) 0	12.00 (101) 2	11.90 (101) 0	11.95 (101) 0	11.95 (101) 8	11.95 (101) 0	11.95 (101) 0
JUN 05	12.00 (62) 0	12.10 (62) 0	11.85 (62) 0	12.00 (62) 0	12.05 (62) 0	12.05 (62) 0	12.05 (62) 0	12.05 (62) 8	12.05 (62) 0	12.05 (62) 0
JUL 05	12.60 (18) 0	12.60 (18) 5	12.50 (18) 0	12.50 (18) 0	12.50 (18) 0	12.50 (18) 0	12.50 (18) 0	12.50 (18) 0	12.50 (18) 0	12.50 (18) 0
AUG 05	12.55 (10) 2	12.50 (9) 5	12.50 (9) 0	12.50 (9) 0	12.50 (9) 0	12.50 (9) 0	12.50 (9) 0	12.50 (9) 0	12.50 (9) 0	12.50 (9) 0
SEP 05	12.65 (1) 0	12.60 (1) 0	12.60 (1) 0	12.60 (1) 0	12.60 (1) 0	12.60 (1) 0	12.60 (31) 30	12.75 (31) 0	12.75 (31) 0	12.75 (31) 0
CME - (CLASS IV) MILK FUTURES - Dollars per cwt.										
JUL 04	14.30 (97) 0	14.30 (97) 0	14.30 (97) 0	14.30 (97) 0	14.30 (97) 0	14.30 (97) 0	14.30 (97) 0	14.30 (97) 0	14.30 (97) 0	14.30 (97) 0
AUG 04	14.90 (77) 0	14.90 (77) 0	14.90 (77) 0	14.90 (77) 0	14.90 (77) 0	14.90 (77) 0	14.90 (77) 0	14.90 (77) 0	14.90 (77) 0	14.90 (77) 0
SEP 04	15.10 (77) 0	15.10 (77) 0	15.10 (77) 0	15.10 (77) 0	15.10 (77) 0	15.10 (77) 0	15.10 (77) 0	15.10 (77) 0	15.10 (77) 0	15.10 (77) 0
OCT 04	14.40 (14) 0	14.40 (14) 0	14.40 (14) 0	14.40 (14) 0	14.40 (14) 0	14.40 (14) 0	14.40 (14) 0	14.40 (14) 0	14.40 (14) 0	14.40 (14) 0
CME - BUTTER FUTURES -- Cents per pound										
MAY 04	210.00 (157) 10	212.00 (154) 20	212.25 (145) 22	212.50 (136) 8	208.00 (120) 15	213.00 (127) 7	213.00 (126) 9	213.25 (123) 2	213.00 (60) 3	213.00 (45) 21
JUL 04	213.00 (358) 6	216.00 (363) 12	216.50 (369) 8	214.00 (380) 19	212.50 (386) 9	214.50 (386) 5	215.00 (388) 4	217.00 (388) 0	217.00 (388) 2	216.00 (386) 2
SEP 04	215.50 (104) 3	218.00 (108) 5	220.00 (108) 0	219.00 (118) 16	217.00 (118) 0	216.50 (119) 4	216.00 (124) 5	217.00 (124) 0	217.00 (124) 2	216.00 (124) 0
OCT 04	217.00 (78) 2	218.00 (78) 1	221.00 (78) 0	219.00 (78) 0	217.75 (78) 0	217.75 (78) 0	217.00 (78) 0	217.00 (78) 0	217.00 (78) 0	215.00 (78) 0
DEC 04	190.00 (65) 0	190.00 (65) 0	190.00 (65) 0	188.00 (66) 1	187.50 (66) 0	187.50 (66) 0	187.50 (66) 0	187.50 (66) 0	187.50 (66) 0	187.00 (66) 0
MAR 05	170.00 (8) 0	170.00 (11) 3	170.00 (11) 0	170.00 (11) 0	170.00 (11) 0	170.00 (11) 0	170.00 (11) 0	170.00 (11) 0	170.00 (11) 0	170.00 (11) 0

1/ At the CME open interest for milk -- 200,000 pounds per contract. For more detailed information, you may call our automated voice system at 608-224-5088.

INTERNATIONAL DAIRY MARKET NEWS

Information gathered May 3 - 14, 2004

Prices are U.S. \$/MT, F.O.B. port. Information gathered for this report is from trades, offers to sell, and secondary data. This bi-weekly report may not always contain the same products and/or regions. Future reports may be included or withdrawn depending on availability of information. MT = metric ton = 2,204.6 pounds.

WESTERN AND EASTERN EUROPE

OVERVIEW: WESTERN EUROPE: The adjustment to the expanded EU is continuing though at least initially, dairy industry concerns may have been over-estimated. Current domestic markets seem to be in relatively good shape. Current supplies of most items seem to be in reasonable balance with internal demand. Among some of the major EU-15 countries, current milk intakes seem to be lagging year ago levels, perhaps due to a lengthy, cool spring. However, the overall seasonal trend of increased receipts is continuing. Russian cheese sales are being complicated by recent health certificate rule changes. Export refund levels and availability remain a problem for exporters though the allowable volume of dairy exports under subsidy are nearing the maximum allowed under GATT for the current year ending June 30. Intervention purchases have been limited. The price disparity between old and new member countries' prices continues and has buyers and potential sellers somewhat confused. The somewhat weaker Euro compared to the US dollar and some other currencies are affecting reported price ranges.

BUTTER/BUTTEROIL: The internal EU market is about steady. Some Middle Eastern interest in butteroil is noted. Churning levels are increasing seasonally. Some European stocks are available, but levels are lower than in recent years.

82% BUTTERFAT:	1,700 - 1,775
99% BUTTERFAT:	1,800 - 2,000

SKIM MILK POWDER (SMP): The international skim milk market is firm as available sources are limited from other producing areas. The continuing concern over the levels and/or availability of export refunds remains a problem for exporters. Subsidized export volumes may be limited by WTO obligations until after June 30.

1.25% BUTTERFAT:	1,850 - 1,950
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WHOLE MILK POWDER (WMP): The whole milk market is weaker in Euros and higher in dollars. Fresh whole milk supplies are limited as producers continue to fill contracts made previously. Producers are somewhat reluctant to make new offers. Production levels are increasing slowly.

26% BUTTERFAT:	1,900 - 2,050
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SWEET WHEY POWDER: The whey market is about steady with prices nominal. International interest has improved as supplies from other sources have tightened. Seasonal increases in milk and cheese production have increased volumes available.

NONHYGROSCOPIC:	450 - 500
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EASTERN EUROPE: The adjustment for new EU countries continues. Worries about understated dairy product inventory levels thus far, at least, seem overstated. Cooler spring weather may have slowed the spring milk increase in some countries. In Russia, reports indicate milk production may be lower. Some countries in the expanded EU have reportedly been having problems with interventions program procedures.

OCEANIA

OCEANIA OVERVIEW: The major milk and dairy product production season is rapidly coming to a close as winter approaches in Oceania. Currently, traders are really not interested in making additional dairy product sales for the current season since overall supplies are very tight. The current production mixture is concentrated toward building the inventory needed for delivery of contracted product during the rapidly approaching off-season. For the season, overall milk intakes are up about 4% in New Zealand but are down around 4% in Australia. Current milk intakes are falling off sharply in most producing areas. International dairy product demand remains steady with some firmness noted in powders and butter. The weakening of the New Zealand and Australian dollars against most major currencies is looked upon as helpful for producer returns and for international interest in products from the region. The weaker currencies also affect the reported product price ranges.

BUTTER: The butter market is steady to firm. Uncommitted supplies for current export are very tight. Current churning schedules are seasonally light. Any current production is being inventoried for committed off-season delivery.

82% BUTTERFAT:	1,600 - 1,800
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CHEDDAR CHEESE: The cheese market is steady. Producers are trying to inventory product for delivery commitments during the off-season. Current production schedules remain light.

39% MAXIMUM MOISTURE:	2,400 - 2,700
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SKIM MILK POWDER (SMP): The skim milk market is steady to firm. International interest remains good. Supplies available for export are very limited. Most current product being dried is being inventoried for off-season delivery on contracts made previously.

1.25% BUTTERFAT:	1,900 - 2,000
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WHOLE MILK POWDER (WMP): The whole milk market is steady to firm. International interest is steady though sellers are not looking to sell additional volumes of current season production due to supply concerns. Current supplies are being inventoried for off-season delivery.

26% BUTTERFAT:	1,900 - 2,000
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Exchange rates for selected foreign currencies: MAY 10, 2004

.7190 Canadian Dollar	.0223 Indian Rupee
.3429 Argentina Peso	.6062 New Zealand Dollar
.0857 Mexican Peso	.6962 Australian Dollar
.2496 Polish Zloty	.0088 Japanese Yen
	1.1855 Euro

To compare the value of 1 US Dollar to Mexican Pesos: $(1/.0857) = 11.6686$. That is 1 US Dollar equals 11.6686 Mexican Pesos.

Source: Wall Street Journal

DAIRY PRODUCTS, 2003 ANNUAL SUMMARY

Butter production in the United States during 2003 totaled 1.24 billion pounds, 8.3 percent below 2002. California accounted for 29.3 percent of the production, followed by Wisconsin with 24.9 percent.

Total cheese production, excluding cottage cheeses, was 8.60 billion pounds, 0.6 percent above 2002 production. Wisconsin was the leading State with 26.5 percent of the production, followed by California with 21.2 percent and New York with 8.2 percent.

American type cheese production was 3.67 billion pounds, 0.6 percent below 2002 and accounted for 42.7 percent of total cheese in 2003. Wisconsin was the leading State with 22.6 percent of production, followed by California with 21.5 percent.

Italian varieties, with 3.52 billion pounds were 1.5 percent above 2002 production. Mozzarella accounted for 79.7 percent of the Italian production followed by Provolone with 8.0 percent and Ricotta with 6.6 percent. Wisconsin was the leading State in Italian cheese production with 29.3 percent of the production, followed by California with 25.2 percent and New York with 11.4 percent. Italian type cheese accounted for 41.0 percent of total cheese in 2003.

Ice cream, Regular totaled 1.02 billion gallons, up 1.0 percent from 2002. Lowfat ice cream, at 353 million gallons, was up 4.3 percent.

Nonfat dry milk for human food totaled 1.59 billion pounds, down slightly. California was the leading state with 46.5 percent of the production.

Dry whey for human food production, at 1.01 billion pounds, was down 3.4 percent. Lactose, Human and Animal production was 588 million pounds, up 4.5 percent.

Dairy Plants: during 2003, there were 1,126 dairy plants in the U.S. manufacturing one or more dairy products, 23 fewer than in 2002. There was at least one dairy manufacturing plant in every State.

Source: "Dairy Products 2003 Summary," Da 2-1(04), National Agricultural Statistics Service, Agricultural Statistics Board, USDA.

**ANNUAL PRODUCTION OF SELECTED DAIRY PRODUCTS AND NUMBER OF PLANTS MANUFACTURING THESE PRODUCTS,
UNITED STATES, 2002 AND 2003**

Product	2002 Revised		2003		Change from 2002
	Plants	Production	Plants	Production	
	<u>Number</u>	<u>1,000 pounds</u>	<u>Number</u>	<u>1,000 pounds</u>	<u>Percent</u>
Butter	72	1,355,147	69	1,242,358	-8.3
Cheese Types:					
Cheddar	167	2,822,099	159	2,749,342	-2.6
Other American <u>1/</u>	114	868,879	111	920,167	5.9
Total American	183	3,690,978	177	3,669,509	-0.6
Swiss	36	254,096	40	264,807	4.2
Hispanic	39	124,481	42	133,649	7.4
Muenster	45	81,088	35	79,518	-1.9
Cream & Neufchatel	33	686,183	34	676,750	-1.4
Mozzarella	116	2,783,272	122	2,806,099	0.8
Other Italian	91	686,742	92	715,950	4.3
Total Italian	146	3,470,014	150	3,522,049	1.5
Total <u>2/</u>	404	8,547,267	399	8,597,976	0.6
Cottage Cheese, Curd <u>3/</u>	91	436,618	84	448,281	2.7
Cottage Cheese, Creamed <u>4/</u>	88	374,162	84	385,176	2.9
Cottage Cheese, Lowfat <u>5/</u>	85	374,293	82	380,033	1.5
Canned Evaporated &					
Condensed Whole Milk <u>6/</u>	12	573,231	11	577,840	0.8
Dry Whole Milk	11	47,411	13	38,666	-18.4
Nonfat Dry Milk, Human	45	1,595,939	47	1,589,041	-0.4
Dry Buttermilk	22	54,886	23	52,220	-4.9
Yogurt (Plain & Flavored)	92	2,310,582	99	2,387,510	3.3
Concentrated Whey, Solids					
Content, Human Food <u>7/</u>	10	108,250	9	114,656	5.9
Dry Whey Products					
Dry Whey, Human	40	1,040,977	45	1,005,292	-3.4
Dry Whey, Animal	32	74,344	33	81,051	9.0
Reduced Lactose, Human	8	82,913	7	43,371	-47.7
Lactose Total	27	563,110	27	588,455	4.5
Whey Protein Concentrate					
Human Food	31	274,180	33	298,340	8.8
Animal Feed	7	39,059	11	40,624	4.0
Frozen Products	<u>Number</u>	<u>1,000 gallons</u>	<u>Number</u>	<u>1,000 gallons</u>	<u>Percent</u>
Ice Cream, Regular	---	1,004,992	---	1,015,049	1.0
Ice Cream, Lowfat <u>8/</u>	---	338,538	---	352,934	4.3
Sherbet	---	56,998	---	56,188	-1.4
Yogurt	---	70,771	---	68,024	-3.9

1/ Includes Colby, Monterey and Jack. 2/ Excluding cottage cheese. 3/ Mostly used for processing into creamed or lowfat cottage cheese. 4/ Fat content 4.0 percent or more. 5/ Fat content less than 4.0 percent, mostly 0.5 to 2.0 fat. 6/ Combined to avoid disclosing individual plant operations. 7/ Final marketable product only. Does not include quantity used or shipped to another plant for further processing into dry whey or modified dry whey products. 8/ Includes freezer-made milkshake.

SOURCE: "Dairy Products 2003 Summary," Da 2-1(04), National Agricultural Statistics Service, Agricultural Statistics Board, USDA.

MAILBOX MILK PRICES FOR SELECTED REPORTING AREAS IN FEDERAL MILK ORDERS AND CALIFORNIA, FEBRUARY 2004

In February 2004, mailbox milk prices for selected reporting areas in Federal milk orders averaged \$13.54 per cwt., \$.42 more than the figure for the previous month. The component tests of producer milk in February 2004 were: butterfat, 3.75%; protein, 3.07%; and other solids, 5.69%. On an individual reporting area basis, mailbox prices increased in all reporting areas, and ranged from \$16.00 in Florida to \$12.09 in New Mexico. In February 2003, the Federal milk order all-area average mailbox price was \$11.19, \$.23 lower.

Reporting Area	Mailbox Milk Price <u>2/</u>		
	February 2003	January 2004	February 2004
	Dollars per hundredweight		
Northeast Federal Milk Order	11.22	13.50	13.98
Appalachian States <u>3/</u>	12.12	13.74	14.05
Southeast States <u>4/</u>	12.54	14.30	14.61
Southern Missouri <u>5/</u>	11.44	12.97	13.37
Florida	13.98	15.97	16.00
Ohio	11.34	13.29	13.57
Indiana	---	13.30	13.54
Michigan	11.06	13.04	13.34
Wisconsin	11.28	13.34*	13.80
Minnesota	11.21	13.11	13.72
Iowa	11.24	13.17	13.51
Illinois	11.48	13.17	13.53
Corn Belt States <u>6/</u>	11.11	12.46*	12.77
Western Texas <u>7/</u>	11.17	12.72	13.17
New Mexico	10.16	11.74	12.09
Idaho	10.17	12.14	12.53
Utah	9.98	12.11	12.32
Northwest States <u>8/</u>	10.57	12.39	12.76
All Federal Order Areas <u>9/</u>	11.19	13.12	13.54
California <u>10/</u>	10.33	12.11	NA

* = Revised

NA= Not available.

1/ Information is shown for those areas for which prices are reported for at least 75% of the milk marketed under Federal milk orders. The price shown is the weighted average of the prices reported for all orders that received milk from the area. As applicable, includes milk not-pooled due to disadvantageous intra-order price relationships. 2/ Net pay price received by dairy farmers for milk. Includes all payments received for milk sold and all costs associated with marketing the milk. Price is a weighted average for the reporting area and is reported at the average butterfat test. Mailbox price does not include any Milk Income Loss Contract (MILC) payments. Mailbox price does include, for the most part, the \$0.05 per cwt. assessment under the Cooperatives Working Together (CWT) program. 3/ Includes Kentucky, North Carolina, South Carolina, Tennessee, and Virginia. 4/ Includes Alabama, Arkansas, Georgia, Louisiana, and Mississippi. 5/ The counties of Vernon, Cedar, Polk, Dallas, Laclede, Texas, Dent, Crawford, Washington, St. Francois, and Perry and all those to the south of these. 6/ Includes Kansas, Nebraska and the Missouri counties to the north of those listed in 5/. 7/ All counties to the west of Fanin, Hunt, Van Zandt, Henderson, Anderson, Houston, Cherokee, Nacogdoches, and Shelby. 8/ Includes Oregon and Washington. 9/ Weighted average of the information for all selected reporting areas in Federal milk orders. 10/ Calculated by California Department of Food and Agriculture, and published in "California Dairy Information Bulletin."

MAY MILK SUPPLY AND DEMAND ESTIMATES*

Milk production in 2004/05 is projected to rise above 2003/04 as growth in milk-per-cow is expected to be stronger than during the last 2 years. Although milk-feed ratios are expected to be weaker in 2004/05, an expected resumption of prior allocations of rBST will help boost milk per cow. Commercial use is only expected to increase slightly. Milk prices are projected to fall from the strong prices of 2003/04. CCC net removals of nonfat dry milk are forecast higher but cheese and butter are expected to be more closely balanced.

The milk production forecast for 2003/04 is reduced from last month due to slower growth in milk-per-cow. Tighter milk supplies and continued strong fat-basis demand result in even higher milk prices than forecast previously. Class III prices are forecast at \$15.60-\$15.80 per cwt. and the Class IV price at \$12.30-\$12.60 per cwt. The all milk price is forecast at \$16.20-\$16.40 per cwt.

Item	2002/03 1/	2003/04 Projection 1/		2004/05 Projection 1/	
		April	May	April	May
SUPPLY		BILLION POUNDS			
BEGINNING COMMERCIAL STOCKS 2/	11.2	11.0	11.0	NA	8.7
PRODUCTION	170.4	169.9	169.6	NA	171.5
FARM USE	1.1	1.0	1.1	NA	1.0
MARKETINGS	169.3	168.9	168.5	NA	170.6
IMPORTS 2/	5.0	5.2	5.2	NA	5.1
TOTAL COMMERCIAL SUPPLY 2/	185.5	185.1	184.7	NA	184.4
USE					
COMMERCIAL USE 2/ 3/	173.3	176.4	176.0	NA	176.1
ENDING COMMERCIAL STOCKS 2/	11.0	8.7	8.7	NA	8.2
CCC NET REMOVALS:					
MILKFAT BASIS 4/	1.2	0.0	0.0	NA	0.1
SKIM SOLIDS BASIS 4/	8.8	4.0	2.6	NA	3.8
		DOLLARS PER CWT.			
MILK PRICES 5/					
CLASS III 6/	10.63	14.90-15.20	15.60-15.80	NA	11.85-12.85
CLASS IV 6/	10.05	12.05-12.55	12.30-12.60	NA	11.00-12.20
ALL MILK 7/	11.91	15.55-15.85	16.20-16.40	NA	13.15-14.15
		MILLION POUNDS			
CCC PRODUCT NET REMOVALS 4/					
BUTTER	29	-5	-6	NA	0
CHEESE	47	6	7	NA	6
NONFAT DRY MILK	719	335	220	NA	320
DRY WHOLE MILK	0	0	0	NA	0
	QUARTERLY 8/			ANNUAL 8/	
	2004 II	2004 III	2004 IV	2004	2005
MILK PRODUCTION	43.7	41.6	41.7	169.8	172.1
		DOLLARS PER CWT.			
ALL MILK PRICE 5/ 7/	18.90-19.20	17.45-18.05	14.95-15.85	16.30-16.80	13.05-14.05
CLASS III PRICE 5/ 6/	19.70-20.00	16.85-17.45	13.30-14.20	15.60-16.10	11.75-12.75
CLASS IV PRICE 5/ 6/	14.10-14.50	12.30-13.10	11.40-12.50	12.55-13.15	11.10-12.30

NOTE: Totals may not add due to rounding. 1/ Marketing year beginning October 1. 2/ Milk equivalent, milkfat basis. 3/ Includes commercial exports. 4/ Includes products exported under Dairy Export Incentive Program. 5/ Projections indicate a range of the average for the quarter or year. 6/ Federal milk order minimum prices. Beginning in April 2003, the price forecasts use the new class price formulas. 7/ Milk of average fat test. Does not reflect any deductions from producers as authorized by legislation. 8/ Calendar year basis projection.

* The World Agricultural Supply and Demand Estimates were approved by the Interagency Commodity Estimates Committee. The members for Dairy are: Shayle Shagam, Chairperson, WAOB; John Mengel, AMS; Authur Coffing, FAS; James Miller, ERS; and Daniel Colacicco, FSA.

SOURCE: "World Agricultural Supply and Demand Estimates," WASDE-410, World Agricultural Outlook Board, USDA, May 12, 2004.

MARCH FLUID MILK SALES

During March, about 4.8 billion pounds of packaged fluid milk products is estimated to have been sold in the United States. This was 1.9 percent higher than March 2003. After adjusting for calendar composition, sales in March 2004 were 0.3 percent lower than March 2003. On an individual product basis, after adjusting for calendar composition, sales of reduced fat (2%) milk and flavored fat-reduced milk increased from March 2003, while sales of whole milk, flavored whole milk, low fat (1%) milk, fat-free (skim) milk, and buttermilk decreased from a year earlier.

Editor's Note: Additional data can be found at <http://www.ams.usda.gov/dvfmoms/mib/in-areasaes.htm>

ESTIMATED TOTAL U.S. SALES OF FLUID MILK PRODUCTS,
MARCH 2004, WITH COMPARISONS 1/

Product Name	Sales		Change from: <u>2/</u>	
	March	Year to Date	Previous Year	Year to Date
	Mil. Lbs.		Percent	
Whole Milk	1,547	4,560	0.4	-1.0
Flavored Whole Milk	79	238	-8.8	-2.2
Reduced Fat Milk (2%)	1,516	4,451	2.4	0.7
Low Fat Milk (1%)	545	1,590	-0.9	-1.1
Fat-Free Milk (Skim)	677	1,975	-0.2	-2.6
Flavored Fat-Reduced Milk	366	988	19.0	9.3
Buttermilk	48	137	0.7	-2.7
Total Fluid Milk Products <u>3/</u>	4,793	13,984	1.9	0.0
Total Fluid Milk Products Adjusted <u>3/ 4/</u>	4,748	13,831	-0.3	-1.2

1/ These figures are representative of the consumption of fluid milk products in Federal milk order marketing areas and California, which account approximately 93 percent of total fluid milk sales in the United States. An estimate of total U.S. fluid milk sales is derived by interpolating the remainder percent of sales from the Federal milk order and California data. 2/ Percent changes, as well as sales volumes, unless otherwise noted, are shown on an unadjusted basis; see 4/. 3/ Total fluid milk products include the products listed plus miscellaneous products and eggnog. 4/ Sales volumes and percent changes have been adjusted for calendar composition; see http://www.ams.usda.gov/dvfmoms/mib/clndr_comp_rpt.pdf

PACKAGED SALES OF TOTAL FLUID MILK PRODUCTS IN FEDERAL MILK ORDERS
AND CALIFORNIA, MARCH 2004, WITH COMPARISONS 1/

Area (Order Number)	Sales		Change from: <u>2/</u>	
	March	Year to Date	Previous Year	Year to Date
	Mil. Lbs.		Percent	
Northeast (001)	844	2,437	2.9	-0.1
Appalachian (005)	308	892	7.9	3.0
Southeast (007)	407	1,208	-1.3	-2.8
Florida (006)	262	761	2.6	1.5
Midwest (033)	554	1,619	2.2	-0.4
Upper Midwest (030)	379	1,103	0.6	-0.8
Central (032)	405	1,189	2.7	0.7
Southwest (126)	364	1,073	4.1	1.4
Arizona-Las Vegas (131)	114	336	4.4	1.7
Western (135)	75	231	1.7	4.2
Pacific Northwest (124)	187	541	0.4	-0.6
California (---)	558	1,614	-1.5	-0.9

1/ These figures are representative of the consumption of total fluid milk products in the respective area; see 3/ above for the products included. 2/ Percent changes, as well as sales volumes, are shown on an unadjusted basis; see 4/ above.

SOURCE: Monthly reports filed by milk processors subject to the provisions of the applicable Federal milk order, AMS, USDA, and *California Dairy Information Bulletin*, California Agricultural Statistics Service and Milk Stabilization Branch.

CCC PURCHASES OF DAIRY PRODUCTS (POUNDS)

	FOR THE PERIOD OF MAY 7 - 14, 2004			CUMULATIVE TOTALS		UNCOMMITTED INVENTORIES	
	TOTAL PURCHASES	CONTRACT ADJUSTMENTS	ADJUSTED PURCHASES	SINCE 10/01/03	SAME PERIOD LAST YEAR	WEEK ENDING 05/07/04	SAME PERIOD LAST YEAR
BUTTER							
Bulk	-0-	-0-	-0-	-42,309	9,625,869	-0-	-0-
Packaged	-0-	-0-	-0-	-0-	697,680	-0-	-0-
TOTAL	-0-	-0-	-0-	-42,309	10,323,549	-0-	-0-
CHEESE							
Block	-0-	-0-	-0-	-0-	6,232,244	-0-	-0-
Barrel	-0-	-0-	-0-	-0-	5,545,706	-0-	-0-
Process	-0-	-0-	-0-	-0-	27,522,000	-0-	-0-
TOTAL	-0-	-0-	-0-	-0-	39,299,950	-0-	-0-
NONFAT DRY MILK							
Nonfortified	10,368,162#	1,177,256	9,190,906	271,595,097#\$	442,992,747	617,981,000	1,233,025,000
Fortified	-0-	-0-	-0-	-119,048	125,332	46,391,000	46,391,000
TOTAL	10,368,162#	1,177,256	9,190,906	271,476,049	443,118,079	664,372,000	1,279,416,000

Export Donation Program under Invitation 080 to announcement FMP1. The cumulative under Invitation 080 is 30,293,678. \$ Includes export donation deliveries under Invitation 070.

MILK EQUIVALENT, FAT SOLIDS BASIS, OF ADJUSTED PURCHASES (MILLION POUNDS)

	MILKFAT* BASIS	SKIM** SOLIDS		MILKFAT* BASIS	SKIM** SOLIDS
PERIOD OF MAY 7 - 14, 2004 =	2.0	107.0	COMPARABLE PERIOD IN 2003 =	76.7	301.1
CUMULATIVE SINCE OCTOBER 1, 2003 =	58.8	3,160.0	CUMULATIVE SAME PERIOD LAST YEAR =	685.3	5,548.2
CUMULATIVE JANUARY 1 - MAY 14, 2004 =	33.3	1,810.7	COMPARABLE CALENDAR YEAR 2003 =	611.2	4,282.6

* Factors used for Fat Solids Basis - Butter times 21.80; Cheese times 9.23; and Nonfat Dry Milk times 0.22

**Factors used for Skim Solids Basis - Butter times 0.12; Cheese times 9.90; and Nonfat Dry Milk times 11.64

CCC ADJUSTED PURCHASES FOR THE PERIOD OF MAY 7 - 14, 2004 (POUNDS)

REGION	BUTTER			CHEESE			NONFAT DRY MILK	
	BULK	PACKAGED	UNSALTED	BLOCK	BARREL	PROCESS	NONFORTIFIED	FORTIFIED
CENTRAL	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-
WEST	-0-	-0-	-0-	-0-	-0-	-0-	9,190,906	-0-
EAST	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-

CCC ADJUSTED PURCHASES SINCE 10/1/03 AND SAME PERIOD LAST YEAR (POUNDS) AND MILK EQUIVALENT AS A PERCENT OF TOTAL

REGION	BUTTER		CHEESE		NONFAT DRY MILK		MILK EQUIVALENT (%)	
	2003/04	2002/03	2003/04	2002/03	2003/04	2002/03	2003/04	2002/03
CENTRAL	-0-	-0-	-0-	27,733,572	7,646,276	16,064,273	2.9	37.9
WEST	-42,309	10,323,549	-0-	11,566,378	259,545,999	401,361,347	95.5	61.3
EAST	-0-	-0-	-0-	-0-	4,283,774	25,692,459	1.6	0.8
TOTAL	-42,309	10,323,549	-0-	39,299,950	271,476,049	443,118,079	100.0	100.0

NDM SELLBACK TO THE TRADE

	TOTAL	PRICE	CUMULATIVE SINCE 1/1/04
MAY 13, 2004	2,033,261	\$.8800-.9600	66,666,155

SUPPORT PURCHASE PRICES FOR DAIRY PRODUCTS PRODUCED ON OR AFTER NOVEMBER 15, 2002

MANUFACTURING MILK Average Test 3.67% - \$9.90 per cwt.

BUTTER Bulk \$1.0500 per pound; 1# Prints \$1.0850

CHEESE 40 & 60# Blocks \$1.1314 per pound; 500# Barrels \$1.1014; Process American 5# \$1.1889; Process Am. 2# \$1.2289

NONFAT DRY MILK Nonfortified \$.8000 per pound; Fortified \$.8100; Instant \$0.9625

U.S. Dairy & Total Cow Slaughter under Federal Inspection, by Regions, for Week Ending 04/24/04 & Comparable Week 2003

Regions* (000 HEAD)	U.S. TOTAL										% DAIRY OF ALL	
	1	2	3	4	5	6	7	8	9	10	WEEK SINCE JAN 1	WEEK SINCE JAN 1
2004-Dairy	0.0	0.7	6.7	2.0	16.0	2.1	0.6	0.8	10.2	2.7	41.8	811.3
2003-Dairy	0.2	0.7	7.4	4.5	21.5	2.1	0.4	1.0	13.4	2.6	53.8	972.6
2004-All cows	0.0	0.7	8.2	10.1	26.8	13.7	16.1	3.0	11.9	5.3	96.0	1,653.6
2003-All cows	0.2	0.9	9.9	14.8	32.0	15.0	14.9	3.4	15.3	6.1	112.3	1,959.1

SOURCE The slaughter data are gathered and tabulated in a cooperative effort by the Agricultural Marketing Service, The Food Safety and Inspection Service, and the National Agricultural Statistics Service, all of USDA.

CLASS III MILK PRICES, (3.5% BF)

YEAR	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC
2001	9.99	10.27	11.42	12.06	13.83	15.02	15.46	15.55	15.90	14.60	11.31	11.80
2002	11.87	11.63	10.65	10.85	10.82	10.09	9.33	9.54	9.92	10.72	9.84	9.74
2003	9.78	9.66	9.11	9.41	9.71	9.75	11.78	13.80	14.30	14.39	13.47	11.87

FEDERAL MILK ORDER CLASS PRICES FOR 2004 (3.5% BF)

CLASS	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC
I 1/	11.85	11.59	11.94	13.64	19.65							
II	11.67	12.90	14.79	15.21								
III	11.61	11.89	14.49	19.66								
IV	10.97	12.21	14.10	14.57								

1/ Specific order differentials to be added to this base price are located at www.ams.usda.gov/dyfmoms/mib/cls_prod_cmp_pr.htm